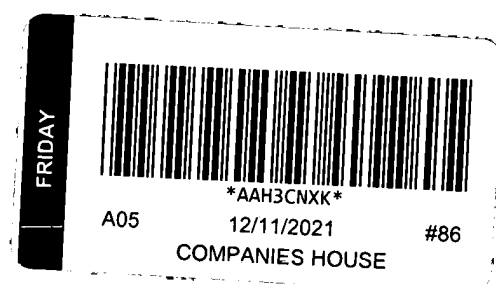


Company Registration No. 11506836 (England and Wales)

IDNS HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021



IDNS HOLDINGS LIMITED

COMPANY INFORMATION

Directors	D L Clayman D J Shuttleworth
Company number	11506836
Registered office	Unit 1B Springfield Court Summerfield Road Bolton BL3 2NT
Auditor	Cowgill Holloway LLP Regency House 45-53 Chorley New Road Bolton BL1 4QR

IDNS HOLDINGS LIMITED

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IDNS HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2021

The directors present the strategic report for the year ended 31 July 2021.

Fair review of the business

The Group engages in the design, sale and implementation of computer and audio visual systems and has managed to consolidate their position as a market leader despite strong competition from both national and local distributors.

The Directors consider the results for the year to be extremely healthy considering the COVID-19 pandemic disruptions during most of the financial year.

Despite the pandemic the Group grew year on year with regards to both turnover and profitability and the Directors are proud of the flexibility and willingness of all staff, managers and executives who adapted quickly to new working practices and performed admirably.

The Group continues to invest heavily in the development and improvement of internal processes, together with staff development to drive efficiencies and enhance its service levels and product offering to its customers.

This focus on delivering exceptional quality and customer service has been rewarded by being appointed to additional National public sector frameworks in England, Scotland, Ireland and Wales as well as National NHS framework awards.

Principal risks and uncertainties

Risk and uncertainty are recognised as normal elements of doing business. The Group manages its risk appetite through the application of a risk framework cycle involving:

- Identification
- Probability
- Impact
- Mitigation
- Contingency
- Review

Major risks are managed through the implementation and monitoring of policies and procedures, including:

- Treating Customers Fairly
- Supplier procurement and management
- Staff recruitment, training and competency, health and safety

The Directors monitor key performance and strategic indicators and agree actions to either mitigate against negative movements or exploit opportunities.

Brexit risk

Following the UK leaving the European Union on 31 January 2020, uncertainty has increased surrounding the outlook of the UK economy. This uncertainty may ultimately impact on market confidence and as a result could potentially impact on the demand and price for products/services, which in turn may affect revenue, profit and cash flow.

IDNS HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

Key performance indicators

The key performance indicators that the group regards as important are:

	2021	2020
• Gross profit margin	17.24%	19.63%
• Ratio of operating profit to turnover	2.14%	2.25%
• Current ratio	1.11	1.23

The Group's result for the period ended 31 July 2021 is a profit before tax of £599,537 (2020: £437,120).

Future Developments


The directors view 2022 optimistically and will look to increase turnover from existing operations whilst maintaining profit margins. New business growth will be sought through an increase in market share in the main verticals that IDNS transact in, which are predominantly, the education and healthcare sectors. The company expects to see this growth emerging from the numerous frameworks IDNS are currently active on, as well as new ones, such as the Welsh National Procurement Service. There is also an expectation of growth in the education sector through new build contracts, as IDNS have been employed to consult for the Department for education in the specification of all ICT and related technology in all new build schools until 2025. The company will continue to invest in the development of its employees and information technology to maximise operational efficiency.

On behalf of the board

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 D L Clayman
 Director

10/11/2021 2:28 PM GMT

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 D J Shuttleworth
 Director

10/11/2021 2:25 PM GMT

IDNS HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

The directors present their annual report and financial statements for the year ended 31 July 2021.

Principal activities

The principal activity of the company and group is that of the design, sale and implementation of computer and audio visual systems.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £318,000. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D L Clayman

D J Shuttleworth

G D A Stocks

(Resigned 11 January 2021)

Auditor

The auditor, Cowgill Holloway LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

IDNS HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2021

On behalf of the board

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D L Clayman
Director

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D J Shuttleworth
Director

10/11/2021 | 2:25 PM GMT
Date:

IDNS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDNS HOLDINGS LIMITED

Opinion

We have audited the financial statements of IDNS Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 July 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

IDNS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF IDNS HOLDINGS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

IDNS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF IDNS HOLDINGS LIMITED

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussions with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: Companies Act 2006, Health and Safety at Work Act and Employment Law.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Through these procedures we did not become aware of any actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Nilesch Modhvadia (Senior Statutory Auditor)
For and on behalf of Cowgill Holloway LLP

10/11/2021 | 2:58 PM GMT
Date:

Chartered Accountants
Statutory Auditor

Regency House
45-53 Chorley New Road
Bolton
BL1 4QR

IDNS HOLDINGS LIMITED**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021**

	Notes	2021 £	2020 £
Turnover	3	33,574,354	26,840,874
Cost of sales		(27,786,446)	(21,571,507)
Gross profit		5,787,908	5,269,367
Administrative expenses		(5,081,853)	(4,666,323)
Other operating income		13,052	-
Operating profit	4	719,107	603,044
Interest receivable and similar income	8	215	226
Interest payable and similar expenses	9	(119,785)	(166,150)
Profit before taxation		599,537	437,120
Tax on profit	10	(216,128)	(189,146)
Profit for the financial year	26	383,409	247,974


Profit for the financial year is all attributable to the owners of the parent company.

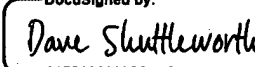
Total comprehensive income for the year is all attributable to the owners of the parent company.

IDNS HOLDINGS LIMITED**GROUP BALANCE SHEET****AS AT 31 JULY 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Goodwill	12	3,028,869		3,461,564	
Tangible assets	13	831,284		888,366	
		<u>3,860,153</u>		<u>4,349,930</u>	
Current assets					
Stocks	17	249,589		27,643	
Debtors	18	6,552,229		4,800,084	
Cash at bank and in hand		3,640,759		2,778,076	
		<u>10,442,577</u>		<u>7,605,803</u>	
Creditors: amounts falling due within one year	19	(9,430,694)		(6,160,747)	
Net current assets		<u>1,011,883</u>		<u>1,445,056</u>	
Total assets less current liabilities		<u>4,872,036</u>		<u>5,794,986</u>	
Creditors: amounts falling due after more than one year	20	(3,650,850)		(4,632,881)	
Provisions for liabilities	22	(17,361)		(23,689)	
Net assets		<u><u>1,203,825</u></u>		<u><u>1,138,416</u></u>	
Capital and reserves					
Called up share capital	24	200		200	
Merger reserve	25	934,845		934,845	
Capital contribution reserve	25	95,043		158,584	
Profit and loss reserves	26	173,737		44,787	
Total equity		<u><u>1,203,825</u></u>		<u><u>1,138,416</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 10/11/2021 | 2:25 PM C and are signed on its behalf by:

DocuSigned by:

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 D L Clayman
 Director

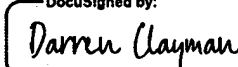
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 D J Shuttleworth
 Director

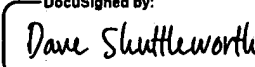
IDNS HOLDINGS LIMITED**COMPANY BALANCE SHEET****AS AT 31 JULY 2021**

		2021		2020	
	Notes	£	£	£	£
Fixed assets					
Investments	14		7,036,271		7,036,271
Current assets					
Debtors	18	318,000		200,000	
Cash at bank and in hand		126		315	
		<u>318,126</u>		<u>200,315</u>	
Creditors: amounts falling due within one year	19	<u>(3,375,656)</u>		<u>(2,826,137)</u>	
Net current liabilities			<u>(3,057,530)</u>		<u>(2,625,822)</u>
Total assets less current liabilities			<u>3,978,741</u>		<u>4,410,449</u>
Creditors: amounts falling due after more than one year	20		(985,628)		(1,353,607)
Net assets			<u><u>2,993,113</u></u>		<u><u>3,056,842</u></u>
Capital and reserves					
Called up share capital	24		200		200
Merger reserve	25		934,845		934,845
Capital contribution reserve	25		95,043		158,584
Profit and loss reserves	26		<u>1,963,025</u>		<u>1,963,213</u>
Total equity			<u><u>2,993,113</u></u>		<u><u>3,056,842</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £254,271 (2020 - £330,980 profit).

The financial statements were approved by the board of directors and authorised for issue on 10/11/2021 | 2:25 PM and are signed on its behalf by:

DocuSigned by:

 D L Clayman
 Director

DocuSigned by:

 D J Shuttleworth
 Director

Company Registration No. 11506836

IDNS HOLDINGS LIMITED**GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2021**

	Notes	Share capital £	contribution reserve £	Merger reserve £	Profit and loss reserves £	Total £
Balance at 1 August 2019		200	259,578	934,845	139,819	1,334,442
Period ended 31 July 2020:						
Profit and total comprehensive income for the period		-	-	-	247,974	247,974
Dividends	11	-	-	-	(444,000)	(444,000)
Transfers		-	(100,994)	-	100,994	-
Balance at 31 July 2020		200	158,584	934,845	44,787	1,138,416
Year ended 31 July 2021:						
Profit and total comprehensive income for the year		-	-	-	383,409	383,409
Dividends	11	-	-	-	(318,000)	(318,000)
Transfers		-	(63,541)	-	63,541	-
Balance at 31 July 2021		200	95,043	934,845	173,737	1,203,825

IDNS HOLDINGS LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 JULY 2021**

	Notes	Share capital £	Capital contribution reserve £	Merger reserve £	Profit and loss reserves £	Total £
Balance at 1 August 2019		200	259,578	934,845	1,975,239	3,169,862
Period ended 31 July 2020:						
Profit and total comprehensive income for the period		-	-	-	330,980	330,980
Dividends	11	-	-	-	(444,000)	(444,000)
Transfers		-	(100,994)	-	100,994	-
Balance at 31 July 2020		200	158,584	934,845	1,963,213	3,056,842
Year ended 31 July 2021:						
Profit and total comprehensive income for the year		-	-	-	254,271	254,271
Dividends	11	-	-	-	(318,000)	(318,000)
Transfers		-	(63,541)	-	63,541	-
Balance at 31 July 2021		200	95,043	934,845	1,963,025	2,993,113

IDNS HOLDINGS LIMITED**GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2021**

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	31	2,309,488		543,903	
Interest paid		(119,785)		(166,150)	
Income taxes paid		(176,808)		(193,346)	
Net cash inflow from operating activities		<u>2,012,895</u>		<u>184,407</u>	
Investing activities					
Purchase of tangible fixed assets		(17,234)		(59,020)	
Interest received		215		226	
Net cash used in investing activities		<u>(17,019)</u>		<u>(58,794)</u>	
Financing activities					
Repayment of borrowings		(704,221)		(1,011,581)	
(Repayment) / Proceeds of bank loans		(162,972)		2,578,569	
Dividends paid to equity shareholders		(266,000)		(444,000)	
Net cash (used in)/generated from financing activities		<u>(1,133,193)</u>		<u>1,122,988</u>	
Net increase in cash and cash equivalents		<u>862,683</u>		<u>1,248,601</u>	
Cash and cash equivalents at beginning of year		<u>2,778,076</u>		<u>1,529,475</u>	
Cash and cash equivalents at end of year		<u><u>3,640,759</u></u>		<u><u>2,778,076</u></u>	

IDNS HOLDINGS LIMITED**COMPANY STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 JULY 2021**

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	32	715,573		1,260,417	
Interest paid		(63,541)		(112,862)	
Net cash inflow from operating activities		<u>652,032</u>		<u>1,147,555</u>	
Investing activities					
Dividends received		<u>318,000</u>		<u>444,000</u>	
Net cash generated from investing activities		318,000		444,000	
Financing activities					
Repayment of borrowings		(704,221)		(1,011,581)	
Repayment of bank loans		-		(395,952)	
Dividends paid to equity shareholders		<u>(266,000)</u>		<u>(444,000)</u>	
Net cash used in financing activities		(970,221)		(1,851,533)	
Net decrease in cash and cash equivalents		(189)		(259,978)	
Cash and cash equivalents at beginning of year		<u>315</u>		<u>260,293</u>	
Cash and cash equivalents at end of year		<u><u>126</u></u>		<u><u>315</u></u>	

IDNS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

1 Accounting policies

Company information

IDNS Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Unit 1B Springfield Court, Summerfield Road, Bolton, BL3 2NT.

The group consists of IDNS Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated group financial statements consist of the financial statements of the parent company IDNS Holdings Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 July 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Information and Data Networks Supplies Limited and Information and Data Networks Supplies Holdings Limited have been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows for the prior year include the results and cash flows of Information and Data Networks Supplies Limited and Information and Data Networks Supplies Holdings Limited for the nine month period from its acquisition on 29 October 2018. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

IDNS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

1 Accounting policies

(Continued)

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is ten years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold property	2% per annum straight line.
Leasehold improvements	10% per annum straight line.
Fixtures and fittings	20% per annum straight line.
Computer equipment	33% per annum straight line.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

IDNS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

1 Accounting policies

(Continued)

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

IDNS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

1 Accounting policies

(Continued)

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

IDNS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

IDNS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

IDNS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

1 Accounting policies

(Continued)

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key Estimates

Bad Debt Provision

The bad debt provision is calculated following a review of older outstanding balances on a customer by customer basis.

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Supply of computer products and services	33,574,354	26,840,874
	<u> </u>	<u> </u>
	2021 £	2020 £
Other significant revenue		
Interest income	215	226
Grants received	13,052	-
	<u> </u>	<u> </u>

IDNS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2021**

3 Turnover and other revenue	(Continued)	
	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	<u>33,574,354</u>	<u>26,840,874</u>
4 Operating profit	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(13,052)	-
Depreciation of owned tangible fixed assets	74,316	62,581
Amortisation of intangible assets	432,695	432,695
Operating lease charges	<u>102,620</u>	<u>83,437</u>
5 Auditor's remuneration	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	-	-
Audit of the financial statements of the company's subsidiaries	<u>14,000</u>	<u>12,000</u>

IDNS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Administration and selling	72	69	2	3

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	3,643,634	3,242,249	-	-
Healthcare costs	30,077	30,075	-	-
Pension costs	71,105	54,547	-	-
	3,744,816	3,326,871	-	-

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	257,293	254,355

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	135,732	121,713

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	215	226

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	215	226
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IDNS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2021****9 Interest payable and similar expenses**

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	30,141	30,749
Interest on invoice finance arrangements	26,103	34,407
Other interest on financial liabilities	63,541	100,994
	<u>119,785</u>	<u>166,150</u>

10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	222,457	185,200
	<u>222,457</u>	<u>185,200</u>
Deferred tax		
Origination and reversal of timing differences	(6,329)	3,946
	<u>(6,329)</u>	<u>3,946</u>
Total tax charge	<u>216,128</u>	<u>189,146</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	599,537	437,120
	<u>599,537</u>	<u>437,120</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	113,912	83,053
Tax effect of expenses that are not deductible in determining taxable profit	15,966	19,843
Depreciation on assets not qualifying for tax allowances	4,038	4,038
Amortisation on assets not qualifying for tax allowances	82,212	82,212
	<u>216,128</u>	<u>189,146</u>
Taxation charge	<u>216,128</u>	<u>189,146</u>

11 Dividends

	2021	2020
	£	£
Recognised as distributions to equity holders:		
Interim paid	318,000	444,000
	<u>318,000</u>	<u>444,000</u>

IDNS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2021****12 Intangible fixed assets**

Group	Goodwill
	£
Cost	
At 1 August 2020 and 31 July 2021	4,326,954
Amortisation and impairment	
At 1 August 2020	865,390
Amortisation charged for the year	432,695
At 31 July 2021	1,298,085
Carrying amount	
At 31 July 2021	3,028,869
At 31 July 2020	3,461,564

The company had no intangible fixed assets at 31 July 2021 or 31 July 2020.

IDNS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

13 Tangible fixed assets

Group	Leasehold property £	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 August 2020	776,906	70,441	5,739	119,904	972,990
Additions	-	-	398	16,836	17,234
At 31 July 2021	776,906	70,441	6,137	136,740	990,224
Depreciation and impairment					
At 1 August 2020	34,849	11,999	2,336	35,440	84,624
Depreciation charged in the year	19,915	9,882	1,521	42,998	74,316
At 31 July 2021	54,764	21,881	3,857	78,438	158,940
Carrying amount					
At 31 July 2021	722,142	48,560	2,280	58,302	831,284
At 31 July 2020	742,057	58,442	3,403	84,464	888,366

The company had no tangible fixed assets at 31 July 2021 or 31 July 2020.

14 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	15	-	-	7,036,271	7,036,271

Movements in fixed asset investments

Company

Shares in subsidiaries £

Cost or valuation

At 1 August 2020 and 31 July 2021

7,036,271

Carrying amount

At 31 July 2021

7,036,271

At 31 July 2020

7,036,271

IDNS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 JULY 2021**15 Subsidiaries**

Details of the company's subsidiaries at 31 July 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct Indirect	
Information and Data Networks Supplies Limited	England and Wales	Ordinary	-	100.00
Information and Data Networks Supplies Holdings Limited	England and Wales	Ordinary	100.00	-

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Information and Data Networks Supplies Limited	3,208,295	879,833
Information and Data Networks Supplies Holdings Limited	1,023,708	318,000

16 Financial instruments

	Group 2021 £	2020 £	Company 2021 £	2020 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	6,473,175	4,613,360	318,000	200,000
Carrying amount of financial liabilities				
Measured at amortised cost	12,276,006	10,170,178	4,361,284	4,179,744

17 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Finished goods and goods for resale	249,589	27,643	-	-

IDNS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2021****18 Debtors**

	Group	2020	Company	2020
	2021		2021	
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	6,473,175	4,613,360	-	-
Amounts owed by group undertakings	-	-	318,000	200,000
Prepayments and accrued income	79,054	186,724	-	-
	<u>6,552,229</u>	<u>4,800,084</u>	<u>318,000</u>	<u>200,000</u>

19 Creditors: amounts falling due within one year

		Group	2020	Company	2020
	Notes	2021		2021	
		£	£	£	£
Bank loans	21	627,734	176,654	-	-
Loan notes	21	382,092	718,334	382,092	718,334
Trade creditors		7,211,665	4,363,656	-	-
Amounts owed to group undertakings		-	-	2,675,564	1,907,803
Corporation tax payable		230,848	185,200	-	-
Other taxation and social security		574,690	438,250	-	-
Dividends payable		52,000	-	52,000	-
Other creditors		266,621	200,000	266,000	200,000
Accruals and deferred income		85,044	78,653	-	-
		<u>9,430,694</u>	<u>6,160,747</u>	<u>3,375,656</u>	<u>2,826,137</u>

The bank loans are secured by fixed and floating charges over the assets of the Group.

20 Creditors: amounts falling due after more than one year

		Group	2020	Company	2020
	Notes	2021		2021	
		£	£	£	£
Bank loans and overdrafts	21	2,665,222	3,279,274	-	-
Loan notes	21	985,628	1,353,607	985,628	1,353,607
		<u>3,650,850</u>	<u>4,632,881</u>	<u>985,628</u>	<u>1,353,607</u>

IDNS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2021****21 Loans and overdrafts**

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	3,292,956	3,455,928	-	-
Loan notes	1,367,720	2,071,941	1,367,720	2,071,941
	<u>4,660,676</u>	<u>5,527,869</u>	<u>1,367,720</u>	<u>2,071,941</u>
Payable within one year	1,009,826	894,988	382,092	718,334
Payable after one year	<u>3,650,850</u>	<u>4,632,881</u>	<u>985,628</u>	<u>1,353,607</u>

The long-term bank loans are secured by fixed and floating charges over the assets of the Group.

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2021 £	Liabilities 2020 £
Accelerated capital allowances	<u>17,361</u>	<u>23,689</u>

The company has no deferred tax assets or liabilities.

	Group 2021 £	Company 2021 £
Movements in the year:		
Liability at 1 August 2020	23,689	-
Credit to profit or loss	(6,328)	-
Liability at 31 July 2021	<u>17,361</u>	<u>-</u>

IDNS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2021****23 Retirement benefit schemes**

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	71,105	54,547

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

24 Share capital

	2021	2020	2021	2020
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary "A" shares of 1p each	7,600	7,600	76	76
Ordinary "B" shares of 1p each	7,600	7,600	76	76
Ordinary "C" shares of 1p each	2,800	2,800	28	28
Ordinary "D" shares of 1p each	1,000	1,000	10	10
Ordinary "E" shares of 1p each	625	625	6	6
Ordinary "F" shares of 1p each	250	250	3	3
Ordinary "G" shares of 1p each	125	125	1	1
	<u>20,000</u>	<u>20,000</u>	<u>200</u>	<u>200</u>

25 Other reserves

	Merger reserve	Capital contribution reserve	Total
Group	£	£	£
At the beginning of the prior year	934,845	259,578	1,194,423
Release of fair value interest expense	-	(100,994)	(100,994)
At the end of the prior year	934,845	158,584	1,093,429
Release of fair value interest expense	-	(63,541)	(63,541)
At the end of the current year	<u>934,845</u>	<u>95,043</u>	<u>1,029,888</u>
Company	£	£	£
At the beginning of the prior year	934,845	259,578	1,194,423
Release of fair value interest expense	-	(100,994)	(100,994)
At the end of the prior year	934,845	158,584	1,093,429
Release of fair value interest expense	-	(63,541)	(63,541)
At the end of the current year	<u>934,845</u>	<u>95,043</u>	<u>1,029,888</u>

IDNS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2021****25 Other reserves****(Continued)**

The merger reserve relates to the excess consideration over the nominal value of the issued shares on the group reorganisation.

The capital contribution reserve relates to interest on the loan notes which are discounted at a market rate of interest in accordance with the accounting requirements of FRS102.

26 Profit and loss reserves

	Group 2021 £	2020 £	Company 2021 £	2020 £
At the beginning of the year	44,787	139,819	1,963,213	1,975,239
Profit for the year	383,409	247,974	254,271	330,980
Dividends	(318,000)	(444,000)	(318,000)	(444,000)
Transfer to reserves	63,541	100,994	63,541	100,994
At the end of the year	<u>173,737</u>	<u>44,787</u>	<u>1,963,025</u>	<u>1,963,213</u>

27 Operating lease commitments**Lessee**

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	112,720	106,933	-	-
Between two and five years	88,940	130,295	-	-
	<u>201,660</u>	<u>237,228</u>	<u>-</u>	<u>-</u>

IDNS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2021****28 Related party transactions**

Included in creditors amounts falling due within one year are loans from the shareholders totalling £382,092 (2020: £718,334).

Included in creditors amounts falling due in more one year are loans from shareholders totalling £985,628 (2020: £1,353,607).

The loans notes are interest free and are stated at the present value of the future payments which are discounted at a market rate of interest in accordance with the accounting requirements of FRS102.

29 Directors' transactions

Dividends totalling £266,000 were paid in the year in respect of shares held by the company's directors.

30 Controlling party

The company is under the control of Mr D L Clayman and Mr D J Shuttleworth by virtue of a majority shareholding.

31 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	383,409	247,974
Adjustments for:		
Taxation charged	216,128	189,146
Finance costs	119,785	166,150
Investment income	(215)	(226)
Amortisation and impairment of intangible assets	432,695	432,695
Depreciation and impairment of tangible fixed assets	74,316	62,581
Movements in working capital:		
(Increase)/decrease in stocks	(221,946)	102,459
(Increase)/decrease in debtors	(1,752,145)	207,944
Increase/(decrease) in creditors	3,057,461	(864,820)
Cash generated from operations	<u>2,309,488</u>	<u>543,903</u>

IDNS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2021****32 Cash generated from operations - company**

	2021 £	2020 £
Profit for the year after tax	254,271	330,980
Adjustments for:		
Finance costs	63,541	112,862
Investment income	(318,000)	(444,000)
Movements in working capital:		
Increase in debtors	(118,000)	(200,000)
Increase in creditors	833,761	1,460,575
Cash generated from operations	<u>715,573</u>	<u>1,260,417</u>

33 Analysis of changes in net debt - group

	1 August 2020 £	Cash flows £	31 July 2021 £
Cash at bank and in hand	2,778,076	862,683	3,640,759
Borrowings excluding overdrafts	(5,527,869)	867,193	(4,660,676)
	<u>(2,749,793)</u>	<u>1,729,876</u>	<u>(1,019,917)</u>

34 Analysis of changes in net debt - company

	1 August 2020 £	Cash flows £	31 July 2021 £
Cash at bank and in hand	315	(189)	126
Borrowings excluding overdrafts	(2,071,941)	704,221	(1,367,720)
	<u>(2,071,626)</u>	<u>704,032</u>	<u>(1,367,594)</u>